Project Agreement
(Socio-Economic Inclusion of Refugees and Host Communities in Rwanda Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

DEVELOPMENT BANK OF RWANDA
PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and DEVELOPMENT BANK OF RWANDA ("Project Implementing Entity" or "BRD") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of the Signature Date between REPUBLIC OF RWANDA ("Recipient") and the Association, concerning Credit No. 6404-RW and Grant No. D456-RW. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part 2 of the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its respective part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its Chief Executive Officer.

3.02. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Cable: INDEVAS
       Washington, D.C.
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391

3.03. The Project Implementing Entity’s Address is:

Development Bank of Rwanda
KN 3 Avenue
P.O. Box 1341
Kigali,
Republic of Rwanda
AGREED at May 16, 2019, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

[Stamp]

Authorized Representative

Name: Mr. Hafer, M. H. Alhunem

Title: Vice President, Africa Region

Date: May 16, 2019

DEVELOPMENT BANK OF RWANDA

By:

[Signature]

[Stamp]

Authorized Representative

Name: Mr. Eric Rutabanga

Title: Chief Executive Officer

Date: May 16, 2019
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional and Implementation Arrangements

Single Project Implementation Unit – BRD

1. The BRD shall: (a) maintain the Single Project Implementation Unit (BRD-SPIU) throughout Project implementation, with two environmental and social safeguards specialists, one financial management specialist, one accountant, one procurement specialist and other technical, safeguards, fiduciary specialists as may be agreed with the Association, all under terms of reference, and with qualifications and experience satisfactory to the Association; and (b) ensure that throughout Project implementation, the BRD-SPIU has adequate resources and staffing to carry out its responsibilities under the Project, all as further detailed in the Project Implementation Manual.

2. The BRD-SPIU shall be responsible for day-to-day management and implementation of Part 2 of the Project, including financial management, safeguards, procurement, supervision, and monitoring and evaluation.

3. The Project Implementing Entity shall carry out Part 2 of the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, managerial, financial, environmental, social, labor, health and safety and technical standards and practices, and provide promptly as needed, the facilities, services and other resources required for Part 2 of the Project.

4. The Project Implementing Entity shall maintain, throughout Project implementation, a structure, functions, responsibilities, and staffing acceptable to the Association, and in accordance with the financial sector laws as applicable to the Project Implementing Entity.

5. The Project Implementing Entity shall promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of Part 2 of the Project, including but not limited to any Project-related accidents and incidents.

6. The Project Implementing Entity to carry out Part 2 of the Project in compliance with the Anti-Corruption Guidelines and the Procurement Regulations.

7. The Project Implementing Entity shall: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied
accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to Part 2 of the Project; and (ii) at the Association and Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association.

**B. BRD Subsidiary Agreement**

To facilitate the carrying out of the Project Implementing Entity's Respective Part 2 of the Project, the Project Implementing Entity shall enter into a Subsidiary Agreement with the Recipient, under terms and conditions approved by the Association, and further set out in Section I.C. of Schedule 2 of the Financing Agreement.

**C. Project Implementation Manual (PIM)**

1. The BRD shall adopt and, thereafter, carry out the Project in accordance with the requirements set forth in the PIM. The PIM shall set out detailed guidelines, methods and procedures for the implementation of the Project, including: (i) the different roles and responsibilities in the implementation of the Project, including the various mechanisms for ensuring close coordination and collaboration between various Project stakeholders, in particular the Target Districts, the MINEMA SPIU, the TT and the BRD; (ii) budget and budgetary control; (iii) flow of funds, disbursement procedures and banking arrangements; (iv) financial, procurement and accounting procedures; (v) internal control procedures; (vi) accounting system and transaction records; (vii) reporting requirements; (viii) external audit; (ix) anti-corruption and fraud mitigation measures; (x) environmental and social safeguards aspects, including a detailed description of the GRM process as well as any process for recording and reporting Project-related accidents and incidents; (xi) detailed procedures, eligibility, selection/eligibility criteria and flow of funds for the investments under Parts 1 and 3 of the Project; (xii) monitoring and evaluation arrangements, including procedures and reporting formats; and (xiii) such other arrangements and procedures as shall be required for the effective implementation of the Project.

2. The BRD shall not assign, amend, abrogate or waive the PIM without the prior written approval of the Association.

3. In case of any conflict between the terms of the PIM and those of the Financing Agreement or this Agreement, the terms of this Agreement or the Financing Agreement shall prevail.
D. Matching Grants under Part 2(a) of the Project.

1. In order to facilitate Part 2(a) of the Project, BRD shall make available, through participating financial institutions, Matching Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association, as further detailed in the Matching Grants Manual.

2. BRD shall make available each Matching Grant under a Matching Grant Agreement between the participating financial institution and the respective Beneficiary on terms and conditions approved by the Association, as further detailed in the Matching Grants Manual, which shall include the following:

(a) The Matching Grant shall be in cash.

(b) BRD shall, through the participating financial institution, obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Grant upon the Beneficiary’s failure to perform any of its obligations under the Matching Grant Agreement; and (ii) require each Beneficiary to: (A) carry out its sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Matching Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the subproject and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the subproject; and (2) at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the BRD, Recipient and the Association to inspect the subproject, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. The BRD shall ensure that the participating financial institution shall exercise its rights under each Matching Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the BRD shall ensure that the participating financial institution shall not assign, amend, abrogate or waive any Matching Grant Agreement or any of its provisions.

E. Safeguards

1. The BRD shall ensure that the Project is carried out with due regard to appropriate health, safety, social, dam safety and environmental practices and standards, and in accordance with the Safeguards Instruments, and shall ensure or cause to be ensured that no provision of the Safeguard Instruments is amended, suspended, abrogated, repealed or waived without the prior written approval of the Association.

2. The BRD shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of the Safeguard Instruments; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, and gender-based violence; all as applicable to such civil works commissioned or carried out pursuant to said contracts.

3. The BRD shall take the following actions in a manner acceptable to the Association:

(a) Project activities shall be screened in accordance with the ESMF and RPF to determine if any ESMP, ESIA (Environmental and Social Impact Assessment) or RAP is needed;

(b) for each activity under the Project for which the ESMF and the RPF provide for the preparation of an ESIA, and/or an ESMP, and a RAP:

(i) proceed to have such ESIA, and/or ESMP and RAP as appropriate: (A) prepared and disclosed in accordance with the ESMF, the RPF and the SEP (Stakeholder Engagement Plan), respectively; (B) consulted upon adequately with people affected by the Project as per the SEP and the ESMF and the RPF, respectively, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and
(ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESIA, and/or ESMP and RAP in a manner satisfactory to the Association;

(c) all measures are taken to implement the RAPs in a manner and timeframe satisfactory to the Association. To this end, the Recipient shall ensure that:

(i) adequate funds are made available to cover all the costs of implementing the RAPs; and

(ii) no works under the Project shall be commenced until: (A) all measures required to be taken under said RAP prior to the initiation of said works shall have been taken, including but not limited Project affected persons being compensated at full replacement cost, resettled and provided with assistance in accordance with the RPF and resettlement action plan(s); (B) the Recipient has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP and detailing that the implementation, monitoring and evaluation of such resettlement action plan is completed and reported in a manner satisfactory to the Association; and (C) the Association has confirmed that said works may be commenced.

4. Without limitation to the excluded expenditures provision set forth in the ESMF and/or RPF, the following activities shall not be eligible to be included in or funded under the Project ("Negative List"): 

(a) activities involving the use of pesticides;

(b) any activities that would lead to conversion or degradation of critical natural habitats or their supporting areas;

(c) any activities that would lead to conversion or degradation of critical forest areas, related critical natural habitats, clearing of forests or forest ecosystems;

(d) activities involving the financing the rehabilitation or construction of dams;

(e) activities involving or located in an international waterway, including underground water;

(f) activities involving nuclear reactors and parts thereof and fuel elements (cartridges), non-irradiated, for nuclear reactors; and
(g) goods intended for a military or paramilitary purpose.

5. The BRD shall establish and, thereafter, maintain, throughout Project implementation, and publicize the availability of a grievance and feedback mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

6. The BRD shall, and shall ensure that any pertinent Project service providers, at all times throughout the period of Project implementation:

(a) take all measures necessary on its part to collect, compile, and furnish to the Association through Project Reports, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESMF and RPF and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, among other things: (i) the status of implementation of the ESMF/RPF; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESMF/RPF; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;

(b) promptly notify the Association of any incident or accident related to or having an impact on the Project, including but not limited to any Project-related allegation of gender-based violence or alleged violation of Project-related labor and working conditions, which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the ESMF/RPF, and the instruments referenced therein.

Section II. Project Monitoring, Reporting and Evaluation

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar quarter and shall be furnished to the Recipient not later than two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months, for incorporation in the report referred to in Section 5.08 (c) of the
General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of that Section.